

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-02 INR-07
L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15
USIA-15 AID-05 COME-00 EB-08 FRB-01 TRSE-00
XMB-04 OPIC-06 LAB-04 SIL-01 OMB-01 INT-05 /105 W
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FM AMCONSUL MONTREAL
TO SECSTATE WASHDC 9596
INFO AMEMBASSY OTTAWA
AMCONSUL QUEBEC

UNCLAS MONTREAL 1768

E.O. 11652: NA
TAGS: EINV, EMIN, EIND, CA
SUBJECT: ASBESTOS ASSOCIATION STATEMENT ON QUEBEC TAKEOVER OF
ASBESTOS CORP.

REF: MONTREL 1741 AND PREVIOUS

1. BEGIN SUMMARY: HAVING BEEN ALERTED TO THE TAKEOVER BID FOR
ASBESTOS CORP. SEVERAL DAYS BEFOREHAND, THE QUEBEC ASBESTOS
MANUFACTURERS ASSOCIATION WAS READY WITH A CAREFULLY WORDED
STATEMENT OF ITS POSITION ON OCTOBER 21, THE DAY THE GOVERNMENT
ANNOUNCED ITS ASBESTOS POLICY. THE ASSOCIATION CONCEDES THE
GOVERNMENT'S RIGHT TO FORMULATE A POLICY BUT QUESTIONS THE
WISDOM OF ACQUISITION AS A MEANS OF CREATING NEW JOBS. THE
ASSOCIATION PLEDGES TO COOPERATE WITH THE GOVERNMENT "IN THE
PURSUIT OF REALISTIC AND FINANCIALLY VIABLE OBJECTIVES". TWO
NEW GOVERNMENT OFFICES WILL BE SET UP. ONE WILL OPERATE
ASBESTOS CORP. WHILE THE OTHER WILL REGULATE THE INDUSTRY.
END SUMMAR.

2. WE HAVE OBTAINED TEXT OF STATEMENT BY QUEBEC ASBESTOS MANUFAC-
TURERS ASSOCIATION (QAMA) ISSUED FOLLOWING GOVERNMENT ANNOUNCEMENT
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OF ITS ASBESTOS POLICY ON OCTOBER 21 (COPIES BEING POUCHED).

3. YVON TURCOT, THE PUBLIC RELATIONS DIRECTOR FOR QAMA (COMPRISED
OF THE FIVE PRODUCERS IN THE PROVINCE) TOOK PAINS TO EXPLAIN THAT
ALTHOUGH STATEMENT WAS ISSUED IN NAME OF QAMA PRESIDENT M.J. MESSEL
(HWHO IS ALSO PRESIDENT OF LAKE ASBESTOS), IT WAS ACTUALLY A JOINT
COMPOSITION OF THE FIVE COMPANIES WHO PUT IT TOGETHER "WORD-BY-WORD".

FOUR OF THE FIVE SUBMITTED THE FINAL DRAFT TO THEIR HEAD OFFICES FOR APPROVAL BEFORE RELEASING IT.

4. TURCOT MAINTAINED THEY ALSO AGREED NOT TO ISSUE ANY FURTHER STATEMENTS ON THE SITUATION UNTIL THE DUST SETTLES A BIT. HOWEVER, THE OCTOBER 27 MONTREAL GAZETTE REPORTED AN INTERVIEW WITH JRM HUTCHESON, CHAIRMAN OF CANADIAN JOHNS-MANVILLE, THE LARGEST ASBESTOS PRODUCER IN THE PROVINCE, WHO IS QUOTED AS SAYING THE GOVERNMENT'S POLICY "DOES NOT SEEM TO POSE ANY PROBLEMS" FOR JOHNS-MANVILLE, AND THAT THE PARENT FIRM IS "READY TO NEGOTIATE WITH THE GOVERNMENT IN ALL AREAS OUTLINED IN THE GOVERNMENT'S ASBESTOS POLICY". BOTH QUOTES APPEAR CONSONANT WITH THE QAMA STATEMENT. BUT THEN THE STORY GOES ON TO SAY "CANADIAN JOHNS-MANVILLE SAYS IT IS CONSIDERING MOVING ITS TORONTO ASBESTOS PROCESSING MILL--AND ITS 250 JOBS-- TO QUEBEC." NO SOURCE FOR THE INFORMATION IS ANMED, BUT IT WOULD SEEM TO VIOLATE THE QAMA ACCORD ON FURTHER STATEMENTS. STORY CONCLUDES BY WONDERING HOW JOHNS-MANVILLE WILL REACH THE GOVERNMENT'S 20 PERCENT PROCESSING TARGET SINCE THE COMPANY NOW ONLY PROCESSES 15 PERCENT OF WHAT IT MINES, OF WHICH 5 PERCENT IS PROCESSED IN CANADA AND 10 PERCENT IN THE UNITED STATES. JOHNS-MANVILLE DECLINED TO SAY WHAT AREAS IT MIGHT TRY TO EXPLOIT, PENDING THE COMPLETION OF A DOLS 225,000 QAMA STUDY OF THE INDUSTRY EXPECTED TO APPEAR SOMETIME AROUND THE END OF THIS YEAR.

5. ACCORDING TO THE GOVERNMENT'S POLICY STATEMENT, TWO NEW UNCLASSIFIED

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OFFICES WILL BE CREATED, ONE TO RUN THE ASBESTOS CORP. AND THE OTHER, CALLED THE SOCIETE NATIONALE DE 1"AMIANTE (NATIONAL ASBESTOS ASSOCIATION), TO REGULATE THE INDUSTRY.

6. THE QAMA RESPONSE IS A MEASURED STATEMENT WHICH CONCEDES THE GOVERNMENT'S RIGHT TO ENUNCIATE A NATURAL RESOURCES POLICY, BUT QUESTIONS THE WISDOM OF THE MEANS CHOSEN (ACQUISITION) TO ACHIEVE THE EMPLOYMENT GOALS OF THE POLICY. IT CONCLUDES WITH A CAREFULLY WORDED PLEDGE OF COOPERATION "IN THE PURSUIT OF REALISTIC AND FINANCIALLY VIABLE OBJECTIVES."

7. COMMENT: NOW THAT THE GAUNTLETS HAVE BEEN DROPPED ON ALL SIDES, QMA APPEARS READY TO MAINTAIN A DEFENSIVE POSTURE WHILE THE GOVERNMENT ATTEMPTS TO TAKE OVER THE ASBESTOS CORP. BY NEGOTIATION. THE HEART OF THE MANUFACTURERS' OPPOSITION IS SIMPLY THAT THE PROVINCE OF QUEBEC IS THE LEAST DEVELOPED ASBESTOS PRODUCTS, E.G. ASBESTOS PIPES, MAKES IT UNPROFITABLE TO SHIP THEM MORE THAN 600-800 MILES. THE SITUATION MIGHT IMPROVE SOMEWHAT IF THE GOVERNMENT WERE TO EITHER SPECIFY OR GIVE PREFERENCE TO ASBESTOS PRODUCTS IN ITS OWN PROJECTS, OR ALLOW SOME KIND OF TAX REBATE FOR ASBESTOS PRODUCTS USED IN THE PRIVATE SECTOR. EVEN THEN IT IS DOUBTFUL THAT SUCH MOVES

WOULD CREATE THE 9,000 NEW JOBS AIMED FOR. THE POSSIBILITY THAT
ASBESTOS MAY BE A CARCINOGEN HAS NOT BEEN WIDELY DISCUSSED EX-
CEPT IN CONNECTION WITH WORKING CONDITIONS AT THE MINES THEM-
SELVES.
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Sent Date: 28-Oct-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
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